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SECURITIES AND EXCHANGE COMMISSION
[Release No. 34-86109; File No. SR-MIAX-2019-28]

Self-Regulatory Organizations; Miami International Securities Exchange LLC; Notice of Filing and Immediate Effectiveness of a Proposed Rule Change to Amend Its Fee Schedule

June 14, 2019.

Pursuant to Section 19(b)(1) of the Securities Exchange Act of 1934 (“Act”)¹ and Rule 19b-4 thereunder,² notice is hereby given that on May 31, 2019, Miami International Securities Exchange LLC (“MIAX” or “Exchange”) filed with the Securities and Exchange Commission (“Commission”) a proposed rule change as described in Items I, II, and III below, which Items have been prepared by the Exchange. The Commission is publishing this notice to solicit comments on the proposed rule change from interested persons.

I. Self-Regulatory Organization’s Statement of the Terms of Substance of the Proposed Rule Change

The Exchange is filing a proposal to amend the MIAX Options Fee Schedule (the “Fee Schedule”) to waive certain non-transaction fees applicable to Market Makers³ that trade solely in Proprietary Products⁴ until September 30, 2019.

While changes to the Fee Schedule pursuant to this proposal are effective upon filing, the Exchange has designated these changes to be operative on June 1, 2019.

¹ 15 U.S.C. 78s(b)(1).

² 17 CFR 240.19b-4.

³ The term “Market Makers” refers to “Lead Market Makers”, “Primary Lead Market Makers” and “Registered Market Makers” collectively. See Exchange Rule 100.

⁴ The term “Proprietary Product” means a class of options that is listed exclusively on the Exchange. See Exchange Rule 100.

The text of the proposed rule change is available on the Exchange's website at <http://www.miaxoptions.com/rule-filings>, at MIAX's principal office, and at the Commission's Public Reference Room.

II. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

In its filing with the Commission, the Exchange included statements concerning the purpose of and basis for the proposed rule change and discussed any comments it received on the proposed rule change. The text of these statements may be examined at the places specified in Item IV below. The Exchange has prepared summaries, set forth in sections A, B, and C below, of the most significant aspects of such statements.

A. Self-Regulatory Organization's Statement of the Purpose of, and Statutory Basis for, the Proposed Rule Change

1. Purpose

Background

On October 12, 2018, the Exchange received approval from the Commission to list and trade on the Exchange, options on the SPIKES® Index, a new index that measures expected 30-day volatility of the SPDR S&P 500 ETF Trust (commonly known and referred to by its ticker symbol, "SPY").⁵ The Exchange adopted its initial SPIKES transaction fees on February 15, 2019.⁶

Proposal

⁵ See Securities Exchange Act Release No. 84417 (October 12, 2018), 83 FR 52865 (October 18, 2018) (SR-MIAX-2018-14) (Order Granting Approval of a Proposed Rule Change by Miami International Securities Exchange, LLC to List and Trade on the Exchange Options on the SPIKESTM Index).

⁶ See Securities Exchange Release No. 85283 (March 11, 2019), 84 FR 9567 (March 15, 2019) (SR-MIAX-2019-11). (The Exchange initially filed the proposal on February 15, 2019 (SR-MIAX-2019-04). That filing was withdrawn and replaced with (SR-MIAX-2019-11)).

The Exchange now proposes to amend its Fee Schedule to waive certain non-transaction fees applicable to Market Makers that trade solely in Proprietary Products (including options on the SPIKES Index) until September 30, 2019. In particular, the Exchange proposes to amend Section 1)a)xi) of the Fee Schedule to add a definition for Proprietary Product. The Exchange also proposes to amend Sections 3)a), 3)b), 4)a), and 5)d)ii) of the Fee Schedule to adopt language that the Exchange will waive Membership Application Fees, monthly Market Maker Trading Permit Fees, Member Application Programming Interface (“API”) Testing and Certification Fees, and monthly MEI Port Fees (as defined below) that are assessed to Market Makers that trade solely in Proprietary Products (including options on SPIKES) until September 30, 2019.

Definition for Proprietary Product

Exchange Rule 100 currently provides a definition for Proprietary Product.⁷ The Exchange now proposes to amend Section 1)a)xi) of the Fee Schedule to insert the symbol “△” immediately following the SPIKES Simple and Complex Fees table, followed by the definition for Proprietary Product. The Exchange also proposes to adopt text for the symbol “△” explicitly stating that SPIKES is a Proprietary Product. The purpose of this proposal is to clarify that SPIKES is a Proprietary Product of MIAX and, together with the other proposed changes, that the Exchange will waive certain non-transaction fees applicable to Market Makers that trade solely in Proprietary Products (including options on SPIKES), until September 30, 2019.

Membership Application Fees

MIAX currently assesses Membership fees for applications of potential Members. MIAX assesses a one-time Membership Application Fee on the earlier of (i) the date the applicant is

⁷ See supra note 4.

certified in the membership system, or (ii) once an application for MIAX membership is finally denied. The one-time application fee is based upon the applicant's status as either a Market Maker or an Electronic Exchange Member ("EEM"). A Market Maker is assessed a one-time Membership Application Fee of \$3,000.00.

MIAX proposes that the one-time Membership Application Fee of \$3,000.00 for Market Makers that trade solely in Proprietary Products (including options on SPIKES) will be waived until September 30, 2019, which the Exchange proposes to state in the Fee Schedule. The purpose of this proposed change is provide an incentive for potential Market Makers to submit membership applications, which should result in increasing potential liquidity in MIAX Proprietary Products, including options on SPIKES. Even though the Exchange is proposing to waive this particular fee for Market Makers who will trade solely in Proprietary Products until September 30, 2019, the overall structure of the fee is outlined in the Fee Schedule so that there is general awareness that the Exchange intends to assess such a fee after September 30, 2019.

Trading Permit Fees

MIAX issues Trading Permits that confer the ability to transact on the Exchange. MIAX Trading Permits are issued to Market Makers and EEMs. Members receiving Trading Permits during a particular calendar month are assessed monthly Trading Permit Fees as set forth in the Fee Schedule. As it relates to Market Makers, MIAX currently assesses a monthly Trading Permit Fee in any month the Market Maker is certified in the membership system, is credentialed to use one or more MEI Ports in the production environment and is assigned to quote in one or more classes. MIAX assesses its Market Makers the monthly Market Maker Trading Permit Fee based on the greatest number of classes listed on MIAX that the MIAX Market Maker was assigned to quote in on any given day within a calendar month and the applicable fee rate this is

the lesser of either the per class basis or percentage of total national average daily volume measurements. A MIAX Market Maker is assessed a monthly Trading Permit Fee according to the following table:

Type of Trading Permit	Monthly MIAX Trading Permit Fee	Market Maker Assignments (the lesser of the applicable measurements below)	
		Per Class	% of National Average Daily Volume
Market Maker (includes RMM, LMM, PLMM)	\$7,000.00	Up to 10 Classes	Up to 20% of Classes by volume
	\$12,000.00	Up to 40 Classes	Up to 35% of Classes by volume
	\$17,000.00*	Up to 100 Classes	Up to 50% of Classes by volume
	\$22,000.00*	Over 100 Classes	Over 50% of Classes by volume up to all Classes listed on MIAX

* For these Monthly MIAX Trading Permit Fee levels, if the Market Maker's total monthly executed volume during the relevant month is less than 0.060% of the total monthly executed volume reported by OCC in the market maker account type for MIAX-listed option classes for that month, then the fee will be \$15,500 instead of the fee otherwise applicable to such level.

MIAX proposes that the monthly Trading Permit Fee for Market Makers that trade solely in Proprietary Products (including options on SPIKES) will be waived until September 30, 2019, which the Exchange proposes to state in the Fee Schedule. The purpose of this proposed change is to provide an incentive for Market Makers to provide liquidity in Proprietary Products on the

Exchange, which should result in increasing potential order flow and volume in MIAX Proprietary Products, including options on SPIKES. Even though the Exchange is proposing to waive this particular fee for Market Makers trading solely in Proprietary Products until September 30, 2019, the overall structure of the fee is outlined in the Fee Schedule so that there is general awareness by potential Members seeking a Trading Permit on the Exchange that the Exchange intends to assess such a fee after September 30, 2019.

The Exchange also proposes that Market Makers who trade MIAX Proprietary Products (including options on SPIKES) along with multi-listed classes will not have Proprietary Products (including SPIKES) counted toward those Market Makers' class assignment count or percentage of total national average daily volume. The Exchange proposes to note this exclusion by inserting the new symbol "Ω" following the table that shows the monthly Trading Permit Fees currently assessed for Market Makers in Section 3)b) of the Fee Schedule.

API Testing and Certification Fee

MIAX assesses an Application Programming Interface ("API") Testing and Certification Fee on all Members depending upon the type of Member. An API makes it possible for Members' software to communicate with MIAX software applications, and is subject to Members testing with, and certification by, MIAX. The Exchange offers four types of interfaces: (i) the Financial Information Exchange ("FIX") Port, which enables the FIX Port user (typically an EEM or a Market Maker) to submit simple and complex orders electronically to MIAX; (ii) the MIAX Express Interface ("MEI") Port, which enables Market Makers to submit simple and complex electronic quotes to MIAX; (iii) the Clearing Trade Drop ("CTD") Port, which provides real-time trade clearing information to the participants to a trade on MIAX and to the participants' respective clearing firms; and (iv) the FIX Drop Copy ("FXD") Port, which

provides a copy of real-time trade execution, correction and cancellation information through a FIX Port to any number of FIX Ports designated by an EEM to receive such messages.

API Testing and Certification Fees for Market Makers are assessed (i) initially per API for CTD and MEI in the month the Market Maker has been credentialed to use one or more ports in the production environment for the tested API and the Market Maker has been assigned to quote in one or more classes, and (ii) each time a Market Maker initiates a change to its system that requires testing and certification. API Testing and Certification Fees will not be assessed in situations where the Exchange initiates a mandatory change to the Exchange's system that requires testing and certification. A Market Maker is assessed an API Testing and Certification Fee of \$2,500.00. The fees represent costs incurred by the Exchange as it works with each Member for testing and certifying that the Member's software systems communicate properly with MIAX's interfaces.

MIAX proposes that the API Testing and Certification Fee for Market Makers that trade solely in Proprietary Products (including options on SPIKES) will be waived until September 30, 2019, which the Exchange proposes to state in the Fee Schedule. The purpose of this proposed change is provide an incentive for potential Market Makers to develop software applications to trade in MIAX Proprietary Products, including options on SPIKES. Even though the Exchange is proposing to waive this particular fee for Market Makers who will trade solely in Proprietary Products until September 30, 2019, the overall structure of the fee is outlined in the Fee Schedule so that there is general awareness that the Exchange intends to assess such a fee after September 30, 2019.

MEI Port Fees

MIAX provides four (4) Port types, including (i) the FIX Port, which enables the FIX Port user (typically an EEM or a Market Maker) to submit simple and complex orders electronically to MIAX; (ii) the MEI Port, which enables Market Makers to submit simple and complex electronic quotes to MIAX;; [sic] (iii) the CTD Port, which provides real-time trade clearing information to the participants to a trade on MIAX and to the participants' respective clearing firms; and (iv) the FXD Port, which provides a copy of real-time trade execution, correction and cancellation information through a FIX Port to any number of FIX Ports designated by an EEM to receive such messages.

MIAX assesses monthly MEI Port Fees on Market Makers in each month the Member has been credentialed to use the MEI Port in the production environment and has been assigned to quote in at least one class. The amount of the monthly MEI Port Fee is based upon the number of classes in which the Market Maker was assigned to quote on any given day within the calendar month, and upon the class volume percentages set forth in the above table. The class volume percentage is based on the total national average daily volume in classes listed on MIAX in the prior calendar quarter. Newly listed option classes are excluded from the calculation of the monthly MEI Port Fee until the calendar quarter following their listing, at which time the newly listed option classes will be included in both the per class count and the percentage of total national average daily volume. The Exchange assesses MIAX Market Makers the monthly MEI Port Fee based on the greatest number of classes listed on MIAX that the MIAX Market Maker was assigned to quote in on any given day within a calendar month and the applicable fee rate that is the lesser of either the per class basis or percentage of total national average daily volume

measurement. MIAX assesses MEI Port Fees on Market Makers according to the following table:

Monthly MIAX MEI Fees	Market Maker Assignments (the lesser of the applicable measurements below)	
	Per Class	% of National Average Daily Volume
\$5,000.00	Up to 5 Classes	Up to 10% of Classes by volume
\$10,000.00	Up to 10 Classes	Up to 20% of Classes by volume
\$14,000.00	Up to 40 Classes	Up to 35% of Classes by volume
\$17,500.00*	Up to 100 Classes	Up to 50% of Classes by volume
\$20,500.00*	Over 100 Classes	Over 50% of Classes by volume up to all Classes listed on MIAX

* For these Monthly MIAX MEI Fees levels, if the Market Maker's total monthly executed volume during the relevant month is less than 0.060% of the total monthly executed volume reported by OCC in the market maker account type for MIAX-listed option classes for that month, then the fee will be \$14,500 instead of the fee otherwise applicable to such level.

MIAX proposes that the monthly MEI Port Fee for Market Makers that trade solely in Proprietary Products (including options on SPIKES) will be waived until September 30, 2019, which the Exchange proposes to state in the Fee Schedule. The purpose of this proposal is to provide an incentive to Market Makers to connect to MIAX through the MEI Port such that they will be able to trade in MIAX Proprietary Products. Even though the Exchange is proposing to waive this particular fee for Market Makers trading solely in Proprietary Products until

September 30, 2019, the overall structure of the fee is outlined in the Fee Schedule so that there is general awareness that the Exchange intends to assess such a fee after September 30, 2019.

The Exchange notes that for the purposes of this proposed change, other Market Makers who trade MIAX Proprietary Products (including options on SPIKES) along with multi-listed classes will not have Proprietary Products (including SPIKES) counted toward those Market Makers' class assignment count or percentage of total national average daily volume. The Exchange proposes to note this exclusion by inserting the new symbol "Ω" following the table that shows the monthly MEI Port Fees currently assessed for Market Makers in Section 5)d)ii) of the Fee Schedule.

The proposed fee waivers are targeted at market participants, particularly market makers, who are not currently members of MIAX, who may be interested in being a Market Maker in Proprietary Products on the Exchange. The Exchange estimates that there are fewer than ten (10) such market participants that could benefit from these fee waivers. The proposed fee waivers do not apply differently to different sizes of market participants, however they do only apply to Market Makers (and not EEMs). The Exchange believes it is reasonable to only offer fee waivers to market makers because the Exchange is seeking additional liquidity providers for Proprietary Products, in order to enhance liquidity and spreads in Proprietary Products, which is traditionally provided by Market Makers, as opposed to EEMs.

2. Statutory Basis

The Exchange believes that its proposal to amend its Fee Schedule is consistent with Section 6(b) of the Act⁸ in general, and furthers the objectives of Section 6(b)(4) of the Act⁹ in

⁸ 15 U.S.C. 78f(b).

⁹ 15 U.S.C. 78f(b)(4) and (5).

particular, in that it is an equitable allocation of reasonable fees and other charges among its members and issuers and other persons using its facilities. The Exchange also believes the proposal furthers the objectives of Section 6(b)(5) of the Act in that it is designed to promote just and equitable principles of trade, to remove impediments to and perfect the mechanism of a free and open market and a national market system, and, in general to protect investors and the public interest and is not designed to permit unfair discrimination between customers, issuers, brokers and dealers.

The Exchange believes the proposed fee waivers are reasonable and equitable because they waive non-transaction fees for a limited period of time in order to enable the Exchange to improve its overall competitiveness and strengthen its market quality for all market participants in MIAX's Proprietary Products, including options on SPIKES. The proposed fee waivers are fair and equitable and not unreasonably discriminatory because they will apply equally to the market participants not currently registered as Market Makers at the Exchange. Any market participant may choose to satisfy the additional requirements and obligations of being a Market Maker and trade solely in Proprietary Products in order to qualify for the fee waivers.

The Exchange believes that it is equitable and not unfairly discriminatory to waive certain non-transaction fees for Market Makers as compared to EEMs because Market Makers, unlike other market participants, take on a number of obligations, including quoting obligations that other market participants do not have. Further, Market Makers have added market making and regulatory requirements, which normally do not apply to other market participants. For example, Market Makers have obligations to maintain continuous markets, engage in a course of dealings reasonably calculated to contribute to the maintenance of a fair and orderly market, and to not make bids or offers or enter into transactions that are inconsistent with a course of dealing.

The Exchange believes it is reasonable and equitable to waive the one-time Membership Application Fee, monthly Trading Permit Fee, API Testing and Certification Fee, and monthly MEI Port Fee for Market Makers that trade solely in Proprietary Products (including options on SPIKES) until September 30, 2019, since the waiver of such fees provides incentives to interested market participants to trade in Proprietary Products. This should result in increasing potential order flow and liquidity in MIAX Proprietary Products, including options on SPIKES.

MIAX believes it is reasonable and equitable to waive the API Testing and Certification fee assessable to Market Makers that trade solely in Proprietary Products (including options on SPIKES) since the waiver of such fees provides incentives to interested Members to develop and test their APIs sooner. Determining system operability with the Exchange's system will in turn provide MIAX with potential order flow and liquidity providers in Proprietary Products.

The Exchange believes it is reasonable, equitable and not unfairly discriminatory that Market Makers who trade in Proprietary Products along with multi-listed classes will not have Proprietary Products counted toward those Market Makers' class assignment count or percentage of total national average daily volume for monthly Trading Permit Fees and monthly MEI Port Fees in order to incentivize existing Market Makers who currently trade in multi-listed classes to also trade in Proprietary Products, without incurring certain additional fees.

The Exchange believes that the proposed fee waivers constitute an equitable allocation of reasonable fees and other charges among its members and issuers and other persons using its facilities. The proposed fee waivers are available to all prospective market makers that wish to become Market Maker Members of the Exchange and quote solely in Proprietary Products. The proposed fee waivers do not apply to potential EEMs, because the Exchange is seeking to enhance the quality of its markets in Proprietary Products through introducing more competition

among market makers in Proprietary Products. In order to increase the competition, the Exchange believes that it must waive entry type fees for such market makers. EEMs do not provide the benefit of enhanced liquidity which is provided by market makers, therefore the Exchange believes it is reasonable and not unfairly discriminatory to only offer the proposed fee waivers to market makers (and not EEMs). Further, the Exchange believes it is reasonable and not unfairly discriminatory to exclude Proprietary Products from an existing Market Maker's permit fees and port fees, in order to incentive such Market Makers to quote in Proprietary Products. The amount of a Market Maker's permit and port fee is determined by the number of classes quoted and volume of the Market Maker. By excluding Proprietary Products from such fees, the Exchange is able to incentivize Market Makers to quote in Proprietary Products. EEMs do not pay permit and port fees based on the classes traded or volume, so the Exchange believes it is reasonable, equitable, and not unfairly discriminatory to only offer the exclusion to market makers (and not EEMs).

B. Self-Regulatory Organization's Statement on Burden on Competition

The Exchange does not believe that the proposed rule change will impose any burden on competition not necessary or appropriate in furtherance of the purposes of the Act. The Exchange believes that the proposed changes would increase intramarket competition by incentivizing new potential market makers to quote in Proprietary Products, which will enhance the quality of quoting and increase the volume of contracts in Proprietary Products traded on MIAX. To the extent that this purpose is achieved, all the Exchange's market participants should benefit from the improved market liquidity for the Exchange's Proprietary Products. Enhanced market quality and increased transaction volume in Proprietary Products that results

from the anticipated increase in Market Maker activity on the Exchange will benefit all market participants and improve competition on the Exchange.

The Exchange does not believe that the proposed rule change will impose any burden on intramarket competition that is not necessary or appropriate in furtherance of the purposes of the Act because the proposed changes for each separate type of market participant (new market makers and existing market makers) will be assessed equally to all such market participants. While different fees are assessed to different market participants in some circumstances, these different market participants have different obligations and different circumstances as discussed above. For example, Market Makers have quoting obligations that other market participants (such as EEMs) do not have.

The Exchange does not believe that the proposed rule change will impose any burden on intermarket competition that is not necessary or appropriate in furtherance of the purposes of the Act because the proposed fee waivers relate solely to Proprietary Products, which are traded exclusively on the Exchange.

C. Self-Regulatory Organization's Statement on Comments on the Proposed Rule Change Received from Members, Participants, or Others

Written comments were neither solicited nor received.

III. Date of Effectiveness of the Proposed Rule Change and Timing for Commission Action

The foregoing rule change has become effective pursuant to Section 19(b)(3)(A)(ii) of the Act,¹⁰ and Rule 19b-4(f)(2)¹¹ thereunder. At any time within 60 days of the filing of the proposed rule change, the Commission summarily may temporarily suspend such rule change if it appears to the Commission that such action is necessary or appropriate in the public interest,

¹⁰ 15 U.S.C. 78s(b)(3)(A)(ii).

¹¹ 17 CFR 240.19b-4(f)(2).

for the protection of investors, or otherwise in furtherance of the purposes of the Act. If the Commission takes such action, the Commission shall institute proceedings to determine whether the proposed rule should be approved or disapproved.

IV. Solicitation of Comments

Interested persons are invited to submit written data, views, and arguments concerning the foregoing, including whether the proposed rule change is consistent with the Act. Comments may be submitted by any of the following methods:

Electronic Comments:

- Use the Commission's Internet comment form (<http://www.sec.gov/rules/sro.shtml>); or
- Send an e-mail to rule-comments@sec.gov. Please include File Number SR-MIAX-2019-28 on the subject line.

Paper Comments:

- Send paper comments in triplicate to Secretary, Securities and Exchange Commission, 100 F Street, NE, Washington, DC 20549-1090.

All submissions should refer to File Number SR-MIAX-2019-28. This file number should be included on the subject line if e-mail is used. To help the Commission process and review your comments more efficiently, please use only one method. The Commission will post all comments on the Commission's Internet website (<http://www.sec.gov/rules/sro.shtml>). Copies of the submission, all subsequent amendments, all written statements with respect to the proposed rule change that are filed with the Commission, and all written communications relating to the proposed rule change between the Commission and any person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C. 552, will be available for website viewing and printing in the Commission's Public Reference Room, 100 F Street, NE, Washington, DC 20549, on official business days between the hours of 10:00 a.m.

and 3:00 p.m. Copies of the filing also will be available for inspection and copying at the principal office of the Exchange. All comments received will be posted without change. Persons submitting comments are cautioned that we do not redact or edit personal identifying information from comment submissions. You should submit only information that you wish to make available publicly. All submissions should refer to File Number SR-MIAX-2019-28 and should be submitted on or before [insert date 21 days after date of publication in the Federal Register].

For the Commission, by the Division of Trading and Markets, pursuant to delegated authority.¹²

Vanessa A. Countryman,
Acting Secretary.

¹² 17 CFR 200.30-3(a)(12).

